

Message Text

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PAGE 01 LISBON 03201 230018Z
ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 CAB-02 COME-00 DOTE-00 EB-08 FAA-00 OMB-01
AID-05 OPIC-03 TRSE-00 SIL-01 LAB-04 ABF-01 FS-01
OPR-02 PER-01 /087 W
-----231053Z 085839 /16

R 221639Z APR 77
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 1063

LIMITED OFFICIAL USE LISBON 3201

DEPT PASS TREASURY FOR SYVRUD

E.O. 11652: N/A
TAGS: ECON, PO
SUBJ: ECONOMIC DEVELOPMENTS

REF: LISBON 3151, (B) LISBON 3142, (C) LISBON 3009

SUMMARY. INVESTMENT STUDIES BEING MADE BY SEVERAL FOREIGN
FIRMS INDICATE THAT FOREIGN INVESTOR INTEREST IN PORTUGAL IS
RISING. END SUMMARY.

1. RISING FOREIGN INVESTMENT INTEREST: INDICATIONS OF INCREASING
FOREIGN INTEREST IN INVESTMENTS IN PORTUGAL ARE INCREASING:
-- PORTUGUESE AFFILIATE OF U.S. PHARMACEUTICAL COMPANY MERCKE,
SHARP, AND DOHME HAVE RECOMMENDED TO MERCKE'S BOARD OF DIRECTORS
AN \$8-10 MILLION INVESTMENT TO CONSTRUCT A NEW DRUG MANU-
FACTURING PLANT. MERCKE REPRESENTATIVES ATTENDED MEETING
AMERICAN BUSINESSMEN HELD IN NEW YORK WITH PRIME MINISTER
SOARES, WHERE THEY HOPED TO SOUND HIM OUT ON INVESTMENT.

-- PRESIDENT OF GRUMMAN AIRCRAFT VISITED PORTUGAL ON APRIL 20-21
TO CHECK FEASIBILITY OF INSTALLING FACILITY FOR MANUFACTURE
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OF SMALL AGRICULTURAL AIRPLANES AT PORTUGUESE AIR BASE
AT ALVERCA NORTH OF LISBON. ALVERCA FACILITY ALREADY
HAS FAA CERTIFICATION TO REPAIR ENGINES FOR THIS TYPE OF
AIRPLANE. GRUMMAN OFFICIAL TOLD CHARGE HE WAS IMPRESSED WITH
PRESENT FACILITIES AND FIRM WILL NOW DO A DETAILED ECONOMIC
FEASIBILITY STUDY. PLANT WOULD BE BUILT AS JOINT VENTURE
WITH GERMAN FIRM.

-- WEST GERMAN ECONOMIC COUNSELOR RECENTLY INFORMED EMBASSY OFFICER THAT SEVERAL GERMAN CONCERNS HAVE EXPRESSED INTEREST IN MAKING SIZABLE INVESTMENTS IN PORTUGAL. TO DATE, HOWEVER, ALL HAVE DECIDED TO DEFER FINAL DECISION.

2. LABOR: THE LABOR FRONT HAS REMAINED RELATIVELY CALM, WITH ONLY ISOLATED INCIDENTS:

-- BANK STRIKE ENDS: FOLLOWING GOP THREAT TO INDUCT STRIKING WORKERS INTO CIVIL SERVICE, EMPLOYEES OF BANCO PORTUGUES DO ATLANTICO SUSPENDED DAILY ONE HOUR STRIKES (REF C).

-- MARRIOTT: FOR LATEST DEVELOPMENTS, SEE REF A.

3. SOARES U.S. TRIP: TRIP HAS BEEN RECEIVING HEAVY MEDIA PLAY. FOR DETAILS SEE REF B.

4. EXCHANGE RATE: LISBON CHECK BY RATE CLOSED APRIL 21 AT 38.646 ESCUDOS TO THE DOLLAR.

5. COMMENT: APPARENT REVIVAL OF FOREIGN INVESTOR INTEREST IN PORTUGAL, EVEN BEFORE CLEAR DEFINITION OF RULES OF GAME FOR PRIVATE SECTOR, BODES WELL FOR INVESTMENT PROSPECTS ONCE PENDING MAJOR ECONOMIC LEGISLATION IS ENACTED.
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Message Attributes

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Sent Date: 22-Apr-1977 12:00:00 am
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Disposition Remarks:
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